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SIPDIS

STATE FOR NEA/ARP, EB/ESC/TFS
TREASURY FOR TFI

E.O. 12958: DECL: 07/14/2019
TAGS: KTFN PTER ECON PGOV PREL KU
SUBJECT: GOK COUNTER-TERRORISM FINANCING PROGRESS

REF: A. 08 KUWAIT 704
 1B. 08 KUWAIT 782
 1C. 09 KUWAIT 434

Classified By: Ambassador Deborah K. Jones for reasons 1.4 (b) and (d)

11. (C) The GOK continues to demonstrate that it is taking meaningful steps to prevent charitable donations from becoming sources of financing for extremist groups. Despite deficient legislation, improved GOK interagency coordination and significant regulatory enhancements have produced appreciable strengthening of oversight of charitable organizations in Kuwait. The GOK is ratcheting up pressure on sympathizers and facilitators: in early July, five Kuwaitis with suspected ties to Al-Qaeda were arrested in KSA, Kuwait and Yemen in a joint operation precipitated by the Kuwait Security Service's investigation of a Kuwaiti alleged to have provided support to terrorist activities in Afghanistan. While the June 2008 U.S. designation of the Revival of Islamic Heritage Society (RIHS) continues to be an irritant (refs A and B), USG-GOK counter-terrorism financing cooperation continues to move in the right direction.

12. (C) Ref C details the GOK's current oversight measures for charitable donations, which include: a ban on cash donations (except during Ramadan); ongoing Ministry of Social Affairs and Labor (MOSAL) monitoring of mosques and charitable organizations, including annual review of financial accounts; and joint MOSAL-Ministry of Commerce-Municipal Government monitoring of charity work in Kuwait. Additionally, donations to overseas causes must be transferred via Central Bank-approved commercial banks and MOSAL is obliged to inform the Ministry of Foreign Affairs' legal department of all such international transfers. The GOK states that it is monitoring overseas branches of Kuwaiti charities, but that host governments have a responsibility to inform the GOK if they suspect that such branches are engaging in illicit activities

13. (C) Embassy continues to engage the GOK on the importance of enacting counter-terrorism financing legislation -- the GOK's 2002 anti-money laundering law (No. 35/2002) does not explicitly criminalize terrorism financing per se. Nevertheless, the Central Bank exerts significant AML control over Kuwait's commercial banks, all of which are well-attuned to U.S. and international CTF/AML measures, including designation lists administered by the UN and the Treasury Department's Office of Foreign Assets Control (OFAC). The Central Bank Governor chairs the GOK's National Committee to Combat Money Laundering and Terrorism Financing, which is responsible for administering the GOK's CTF/AML regime and revising Law No. 35 to meet international standards. A sub-committee, headed by the Public Prosecutor's Office, is mandated to redraft the law to criminalize terrorism financing and strengthen the GOK's overall CTF/AML regime.

14. (C) According to news reports, five Kuwaiti men were

arrested in KSA, Kuwait and Yemen in early July and charged with providing material support to Al-Qaeda. The arrests -- conducted jointly by Kuwaiti, Saudi and Yemeni security services -- followed a GOK investigation of a Kuwaiti national alleged to have provided support to terrorist activities in Afghanistan, including "transactions." Separately, the GOK recently extradited a former senior Kuwait National Guard officer, Lieutenant-General Khalil Al-Ghaith (DOB 23 March 1965), from KSA (where he was arrested in February 2008) and the Public Prosecutor has formally charged him with providing financial support to terrorist activities.

15. (C) Embassy has requested appointments with MOSAL officials to follow up on these developments and will report accordingly.

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